

Brownfields

Background

Brownfields are properties that are abandoned or underutilized because of either real or perceived contamination. As brownfields accumulate, particularly in urban, formerly industrialized areas, adverse impacts on the surrounding communities include a burdened tax base, increased criminal and noxious uses and public and environmental exposure to contaminants. Beneficial reuse of brownfields provides significant opportunities for smart growth in our urban and older suburban areas by incorporating new economic activity, homes, parks and environmentally protected areas as well as protecting our communities from toxics by accomplishing much needed site cleanups. Brownfield reuse also saves farms and other “greenfields” from development. According to a study performed in 2001, for every acre of brownfield redevelopment, 4.5 acres of greenfields are saved from development.¹

In fiscal year 2003, remediation of contaminated sites by private parties, under DEP oversight, equaled \$100 million, which represents a saving of public funds, which would have to have been used if DEP performed the clean ups. In 2005, the number of potential brownfields under DEP oversight can be up to 10,000, and the Department approves over 2,400 projects at brownfield sites per year.

Brownfield remediation and reuse is complex, both for DEP and for the regulated community. The Office of Brownfield Reuse (OBR) was created in 2003 to address the specific challenges presented by brownfield sites and to centralize and implement DEP’s brownfield programs to make them easier for the public to access. One of the programs administered by OBR is the Brownfield Development Area (BDA) Initiative. It is generally known, that brownfields usually do not exist in isolation: where one brownfield exists there are often others nearby. DEP recognized that Brownfield clusters can be more effectively remediated and redeveloped using a clustered rather than a piecemeal, property-by-property approach and created the BDA Initiative. In BDAs, DEP works with selected communities affected by multiple brownfields to design and implement remediation and reuse plans for these properties simultaneously, so that remediation and reuse can occur in a coordinated fashion. BDAs are selected in a competitive process from applications submitted by community steering committees, and are guided by DEP’s OBR, the Economic

Development Authority (EDA) and the Department of Community Affairs (DCA).

Research has shown that for every dollar of public money invested on brownfields, \$2.48 in private investment is leveraged on the same site.² The Department has two programs that provide incentives for developers and municipalities to invest in brownfields: the Hazardous Discharge Site Remediation Fund (HDSRF) and the Brownfield Reimbursement Program.

The HDSRF is a grant and loan program that provides funding for investigations at contaminated properties. Municipalities use grant monies to quantify remedial costs at these sites, providing prospective developers with the information they need to make sound redevelopment decisions. Private parties can use the loan program to conduct remedial work under the voluntary program at contaminated sites where they have some redevelopment interest. Jointly administered by DEP and the New Jersey Economic Development Authority, the HDSRF is an important tool for brownfield redevelopment.

Another program available to developers is the Brownfield Tax Reimbursement, which provides reimbursements of up to 75 percent to developers for remediation costs incurred at brownfield sites. The reimbursement comes from certain new taxes generated by the project. The Brownfield Reimbursement Program is administered by the New Jersey Department of Treasury and the New Jersey Commerce, Economic Growth & Tourism Commission, with the assistance of DEP.

Status

BDA Program:

After two years, OBR is managing more than 650 acres of brownfield properties under the BDA program. There are a number of different BDA projects of varying sizes all over the state, including:

North Camden - Four brownfield properties, with a total of 72 acres will be revitalized as mixed use with the added amenity of a greenway along the Cooper River.

Cramer Hill, Camden - Eight brownfield properties, with a total of 144 acres, will be revitalized as housing, commercial and retail shopping, greenways and natural areas on the banks of the Delaware River. Following the designation

of this BDA, Cherokee Partners, a leading national developer, took over and expanded the project, anticipating \$1.1 billion of private investment within the project area.

Elizabethport - Seven brownfield properties, with a total of 198 acres along the Arthur Kill in Elizabeth, will be revitalized for townhouse development, warehouse and distribution uses, a major retail-office complex and a super-market-commercial center. Almost half of the project area currently is slated for preservation of open space.

Monument/Magic Marker, Trenton - Five brownfield properties totaling 16 acres will be revitalized for housing, a new elementary school and a park.

Lister Avenue, Newark - Five brownfield properties, with a total of 28 acres along the Passaic River, will be revitalized for a variety of commercial and open space uses.

Coit Street, Irvington - Five brownfield properties will be revitalized for a variety of commercial and educational purposes expected to generate more widespread economic development.

Route 73 South, Palmyra - Twenty-six properties, with a total of 190 acres of prime property along the Delaware River with direct access to a major highway, will be revitalized for a variety of uses.

Ford Avenue, Milltown – A century old, 22-acre industrial area in the center of Milltown will serve as a focal point for the municipality. Current redevelopment plans include age-restricted housing, a pedestrian mall, a waterfront restaurant and riverwalk along the banks of Mill Pond and Lawrence Brook.

Brownfields to Greenfields Initiative:

In a 2002 policy directive, Commissioner Campbell directed OBR to coordinate with other involved DEP programs to encourage and provide incentives for greenfield reuse of brownfield properties. To date, OBR has completed or is working on the following valuable “brownfield to greenfield” projects:

Patterson Avenue Landfill (Hamilton) - A 100-acre municipal landfill is being revitalized into an ecologically diverse recreational facility.

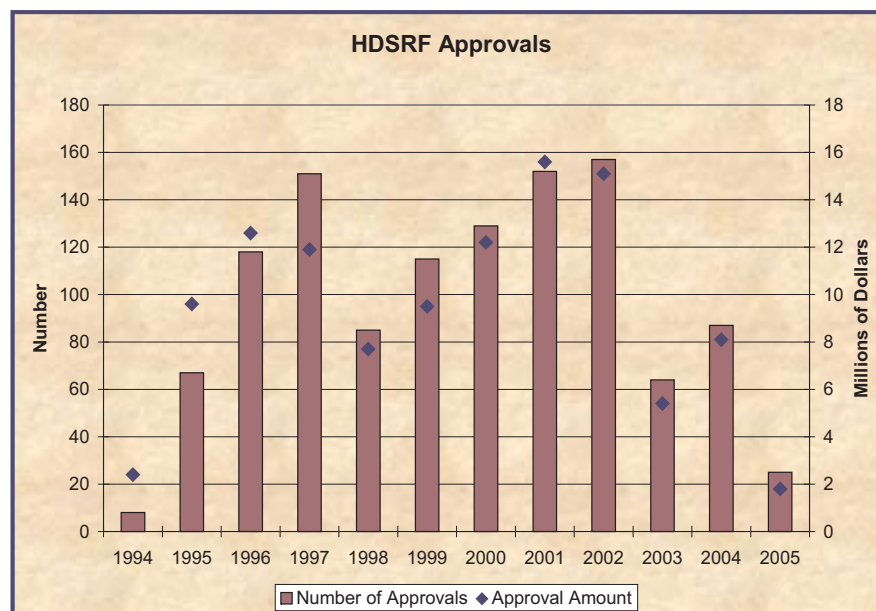
507 Elm Street (Kearny) – The former Trojan Tool & Die facility has been demolished and remediated, and the site has been developed into a much-needed toddler park.

Dukes Parkway Landfill (Manville) - The 150-acre Johns Manville and municipal landfill is to be revitalized by the Somerset County Parks Commission as open space for both sport and passive recreation.

Jackson Street Garage (Hoboken) – This former Department of Public Works property was converted into a uniquely designed pocket park.

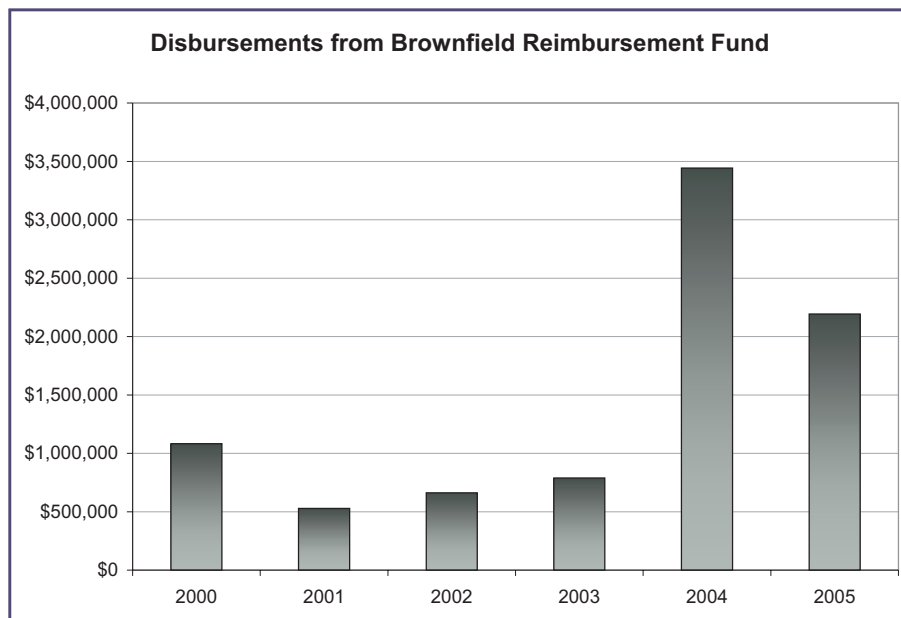
Grant and Loans – HDSRF

Since 1993, over 1,000 projects have been approved for investigation and cleanup for a total of more than \$110 million through the HDSRF program. This amount is significant in that it translates into approximately \$270 million of leveraged private investments for brownfield remediation and redevelopment. With the approval of a ballot question in November 2003, the HDSRF now has a constitutionally dedicated funding source for brownfield investigations and a balance of approximately \$86 million available for grants and loans.



Brownfields Reimbursement Program:

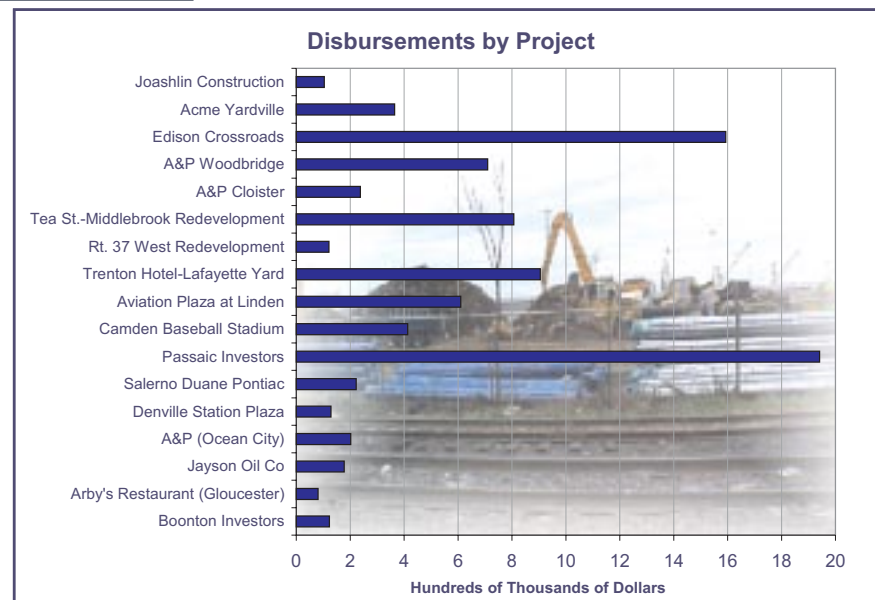
Since the inception of the Brownfields Reimbursement Program in 1998, there have been 67 agreements approved, with eligible remediation costs for those projects totaling \$281 million. Almost \$8 million has already been reimbursed under this program, while the participating projects have generated over \$33 million in new tax revenue.



Outlook and Implications

Some recently approved legislation (S277/A2815) will help municipalities address contaminated sites in their jurisdiction. This legislation expands their eligibility to receive grants of up to 75% for remediation. Prior to this legislation, municipalities were eligible for grants only if they owned the property. This change increases the opportunities for grants and therefore further encourage brownfields redevelopment on a municipal level.

With development pressures increasing statewide and greenfields becoming scarcer, redevelopment of brownfield sites has become increasingly important. In addition, increasing restrictions on greenfield development, such as the Highlands Water Protection and Planning Act and the Smart Growth Initiative are also likely to steer development in the direction of brownfields reuse.



More Information

www.nj.gov/dep/srp/brownfields/

www.nj.gov/dep/srp/cleanupstar

www.newjerseycommerce.org

www.nj.gov/dep/srp/brownfields/success/

www.njeda.com

www.nj.gov/dca/osg/

References

Unless otherwise cited, the information in this report was provided by NJDEP's Site Remediation and Waste Management Program and the Office of Brownfield Reuse, the New Jersey Economic Development Authority, the New Jersey Department of Treasury and the New Jersey Commerce, Economic Growth & Tourism Commission.

¹ Deason JP, Sherk GW, Carroll GA. (2001 September). FINAL REPORT: Public Policies and Private Decisions Affecting the Redevelopment of Brownfields: An Analysis of Critical Factors, Relative Weights and Areal Differentials. Submitted to: Office of Solid Waste and Emergency Response, U.S. Environmental Protection Agency, 401 M Street, S.W., Washington, DC 20460. Washington, DC: Environmental and Energy Management Program, Department of Engineering Management, and Systems Engineering, School of Engineering and Applied Science, The George Washington University.

² Council for Urban Economic Development. (1999 October). Brownfields Redevelopment: Performance Evaluation. Washington, DC: Council for Urban Economic Development.